

**WATANIYA PALESTINE MOBILE TELECOMMUNICATION  
PUBLIC SHAREHOLDING COMPANY**

**Unaudited Interim Condensed Financial Statements**  
For the Nine Months Period Ended September 30, 2017

**AND REPORT ON REVIEW OF INTERIM FINANCIAL  
STATEMENTS**

*(Translated from the Original Arabic Version)*

**WATANIYA PALESTINE MOBILE TELECOMMUNICATION, Public Shareholding Company**  
 Unaudited Interim Condensed Financial Statements

**INTERIM STATEMENT OF FINANCIAL POSITION**

(All amounts in US Dollars)

	Note	As at	
		September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	(3)	23,359,317	27,469,533
Projects in progress	(4)	44,471,353	18,883,868
Intangible assets	(5)	131,507,786	139,111,200
<b>Total non-current assets</b>		<b>199,338,456</b>	<b>185,464,601</b>
<b>Current assets</b>			
Advances to contractors		7,643,894	5,417,874
Restricted cash		5,577,986	3,951,235
Inventory		3,561,906	3,463,535
Other current assets		2,634,434	1,808,979
Accounts receivable		12,710,957	11,276,707
Cash on hand and at banks	(6)	10,515,646	12,263,583
<b>Total current assets</b>		<b>42,644,823</b>	<b>38,181,913</b>
<b>Total assets</b>		<b>241,983,279</b>	<b>223,646,514</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	(1)	258,000,000	258,000,000
Share premium	(1)	11,610,000	11,610,000
Accumulated losses		(203,241,888)	(201,444,884)
<b>Net equity</b>		<b>66,368,112</b>	<b>68,165,116</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provision for employees' indemnity		6,713,523	5,520,317
Interest-bearing loans and borrowings	(7)	37,479,829	44,300,352
Other non-current liability		62,346,654	54,346,654
<b>Total non-current liabilities</b>		<b>106,540,006</b>	<b>104,167,323</b>
<b>Current liabilities</b>			
Accounts payable		10,405,280	9,128,538
Current portion of interest-bearing loans and borrowings	(7)	21,060,000	19,500,000
Due to related parties		249,155	177,759
Deferred revenues		3,248,159	3,647,075
Other current liabilities		16,763,678	17,052,821
Accrued project costs		17,348,889	1,807,882
<b>Total current liabilities</b>		<b>69,075,161</b>	<b>51,314,075</b>
<b>Total liabilities</b>		<b>175,615,167</b>	<b>155,481,398</b>
<b>Total equity and liabilities</b>		<b>241,983,279</b>	<b>223,646,514</b>

- The above financial statements should be read in conjunction with accompanying notes on pages 8 to 16.

**WATANIYA PALESTINE MOBILE TELECOMMUNICATION, Public Shareholding Company**  
 Unaudited Interim Condensed Financial Statements

**INTERIM STATEMENT OF PROFIT OR LOSS**

(All amounts in US Dollars)

	Note	For the three months period ended September 30,		For the nine months period ended September 30,	
		2017	2016	2017	2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue		21,931,339	22,329,599	63,392,520	63,753,701
Cost of service		(8,286,342)	(9,652,143)	(25,314,239)	(27,515,857)
<b>Gross Profit</b>		<b>13,644,997</b>	<b>12,677,456</b>	<b>38,078,281</b>	<b>36,237,844</b>
Finance revenue		101,550	74,297	244,906	260,070
Currency exchange gain (loss)		(3,961)	71,630	18,015	13,721
General and administrative expenses		(8,065,189)	(6,957,028)	(21,706,669)	(19,705,443)
Depreciation and amortization	(3,5)	(5,187,733)	(4,555,732)	(15,593,851)	(14,405,879)
Finance costs	(8)	(1,009,290)	(1,043,361)	(3,056,380)	(3,221,867)
Provision for doubtful accounts		97,587	(177,932)	218,694	1,938,281
		<b>(14,067,036)</b>	<b>(12,588,126)</b>	<b>(39,875,285)</b>	<b>(35,121,117)</b>
<b>(Loss) Profit for the period</b>		<b>(422,039)</b>	<b>89,330</b>	<b>(1,797,004)</b>	<b>1,116,727</b>
<b>Basic and diluted earnings per share</b>	(9)	<b>(0.002)</b>	<b>0.0003</b>	<b>(0.007)</b>	<b>0.0043</b>

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**WATANIYA PALESTINE MOBILE TELECOMMUNICATION, Public Shareholding Company**  
 Unaudited Interim Condensed Financial Statements

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**INTERIM STATEMENT OF COMPREHENSIVE INCOME**

(All amounts in US Dollars)

	For the three months period ended September 30,		For the nine months period ended September 30,	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) profit for the period	(422,039)	89,330	(1,797,004)	1,116,727
<b>Other comprehensive income for the period</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>(422,039)</b>	<b>89,330</b>	<b>(1,797,004)</b>	<b>1,116,727</b>

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**WATANIYA PALESTINE MOBILE TELECOMMUNICATION, Public Shareholding Company**  
 Unaudited Interim Condensed Financial Statements

**INTERIM STATEMENT OF CHANGES IN EQUITY**

For the nine months period ended S 30, 2017

(All amounts in US Dollars)

	<u>Share capital</u>	<u>Share premium</u>	<u>Accumulated losses</u>	<u>Net equity</u>
<b>Balance at January 1, 2017</b>	258,000,000	11,610,000	(201,444,884)	68,165,116
Total comprehensive income for the period	-	-	(1,797,004)	(1,797,004)
<b>Balance at September 30, 2017 (Unaudited)</b>	<b><u>258,000,000</u></b>	<b><u>11,610,000</u></b>	<b><u>(203,241,888)</u></b>	<b><u>66,368,112</u></b>
<b>Balance at January 1, 2016</b>	258,000,000	11,610,000	(199,906,943)	69,703,057
Total comprehensive income for the period	-	-	1,116,727	1,116,727
<b>Balance at September 30, 2016 (Unaudited)</b>	<b><u>258,000,000</u></b>	<b><u>11,610,000</u></b>	<b><u>(198,790,216)</u></b>	<b><u>70,819,784</u></b>

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**WATANIYA PALESTINE MOBILE TELECOMMUNICATION, Public Shareholding Company**  
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**INTERIM STATEMENT OF CASH FLOWS**

(All amounts in US Dollars)

	Note	For the nine months period ended September 30,	
		2017 (Unaudited)	2016 (Unaudited)
<b>Operating activities</b>			
(Loss) profit for the period before tax		(1,797,004)	1,116,727
<b>Adjustments:</b>			
Depreciation	(3)	7,315,346	7,060,435
Impairment of property and equipment and intangible assets	(3,5)	150,119	-
Provision for employees' indemnity		1,396,649	1,575,037
Recovery for doubtful accounts		(218,694)	(1,938,281)
Gain on disposal of property and equipment		(21,789)	(34,118)
Finance revenues		(244,906)	(260,070)
Finance costs	(8)	3,056,380	3,221,867
Amortization	(5)	8,278,505	7,345,444
		<b>17,914,606</b>	<b>18,087,041</b>
<b>Changes in operational assets and liabilities:</b>			
Accounts receivable		(1,215,556)	(3,053,359)
Inventory		(98,371)	264,575
Other current assets		(835,770)	(727,279)
Accounts payable		1,276,742	(2,456,106)
Due to related parties		71,396	20,979
Deferred revenue		(398,916)	(488,177)
Other current liabilities		(289,143)	3,468,432
Transfers to provident fund		-	-
Employees' indemnity paid		(203,443)	(643,786)
<b>Net cash flows provided by operating activities</b>		<b>16,221,545</b>	<b>14,472,320</b>
<b>Investing activities</b>			
Purchase of property and equipment	(3)	(3,351,861)	(2,499,106)
Proceeds from disposal of property and equipment		33,608	34,118
Purchase of intangible assets	(5)	(690,298)	-
Increase in projects in progress		(10,046,478)	(7,820,832)
Advances to contractors		(2,226,020)	(107,327)
Interest received		255,221	243,747
<b>Net cash flows used in investing activities</b>		<b>(16,025,828)</b>	<b>(10,149,400)</b>
<b>Financing activities</b>			
Repayment of loans		(5,625,000)	(7,500,000)
Loan transaction costs paid		(331,298)	(313,374)
Interest paid		(2,360,605)	(2,494,740)
Other non-current liability		8,000,000	-
Restricted cash		(1,626,751)	54,354
<b>Net cash flows used in financing activities</b>		<b>(1,943,654)</b>	<b>(10,253,760)</b>
<b>Decrease in cash and cash equivalents</b>		<b>(1,747,937)</b>	<b>(5,930,840)</b>
Cash and cash equivalents, beginning of the period		12,263,583	19,153,712
<b>Cash and cash equivalents, end of the period</b>	(6)	<b>10,515,646</b>	<b>13,222,872</b>

- The above financial statements should be read in conjunction with accompanying notes on pages 8 to 16

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
(All amounts in US Dollars)

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